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PC milestone--notebooks outsell desktops

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More notebooks than desktops were sold in the United States in May, according to a report released Friday--a milestone in PC sales history.

Analysts with research firm Current Analysis said laptop sales jumped to 53.3 percent of the total PC retail market in May 2005. Last year, notebooks made up 45.9 percent of the total PC retail market.

Occasionally, notebooks have outsold desktops, but those moments happen during a one-week period and are usually the result of extremely heavy promotions, Current Analysis said. May marks the first time notebooks have outsold desktops over the course of a full month, the firm said.

For example, the only time notebooks came even close to surpassing desktops was back in August 2004 when Toshiba launched an aggressive back-to-school advertising campaign. The resulting sales pushed notebook sales to 49.6 percent of the market.

Sam Bhavnani, a senior analyst with Current Analysis, offers three reasons for the increase in sales.

"The past few months have seen an increase in the number of retail notebook players, with lesser-known value players Acer and Medion gaining shelf space at major retailers such as Best Buy, Circuit City and CompUSA. In addition, notebook pricing has dropped considerably, almost 17 percent between May 2004 and May 2005 (\$1,370 to \$1,131), while desktop (prices) dropped only 4 percent in the same time frame (\$728 to \$696)."

Bhavnani also noted that Wi-Fi is no longer considered a luxury, but a necessity.

"One year ago, over 20 percent of retail notebooks did not include wireless. Today, that number is less than 5 percent," he said. "While

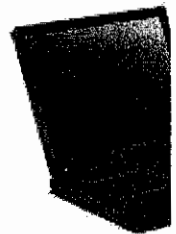


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Centrino laptops were frequently advertised in the \$1,399 range last year, it is now common to see sub-\$900 Centrino models in flyers."

The upward trend in notebook sales has prompted other analysts to adjust their expectations. Financial analyst firm J.P. Morgan bumped up its PC unit sales growth forecast for 2005 to 10.1 percent from 8.8 percent based on sales results in April.

Late last month, Gartner revised its forecast for the rest of the year. The analyst firm now expects PC shipments worldwide in 2005 to exceed 202 million units, up 10.2 percent from the previous year.

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EXHIBIT C

Table 1B. Presence of a Computer and the Internet for Households, by State: September 2001
(Numbers in thousands. Civilian noninstitutional population)

Characteristics	Total households	Presence of a computer			Presence of the Internet		
		Number	Percent	1.6*(S.E.) ¹	Number	Percent	1.6*(S.E.) ¹
TOTAL HOUSEHOLDS	109,106	61,473	56.3	0.34	55,032	50.4	0.34
STATE							
Alabama	1,724	754	43.8	2.60	649	37.6	2.54
Alaska	228	156	68.3	2.39	146	63.8	2.47
Arizona	1,999	1,172	58.6	2.65	1,022	51.1	2.69
Arkansas	1,056	501	47.5	2.76	397	37.6	2.68
California	11,875	7,300	61.5	1.22	6,561	55.2	1.25
Colorado	1,732	1,116	64.4	2.11	1,009	58.2	2.18
Connecticut	1,360	794	58.4	2.22	743	54.6	2.25
Delaware	307	179	58.1	2.68	161	52.4	2.71
District of Columbia	257	127	49.5	2.62	107	41.5	2.58
Florida	6,613	3,697	55.9	1.46	3,492	52.8	1.47
Georgia	3,135	1,641	52.3	2.61	1,465	46.7	2.61
Hawaii	404	255	63.1	2.75	225	55.7	2.83
Idaho	497	310	62.5	2.67	261	52.6	2.75
Illinois	4,771	2,518	52.8	1.69	2,225	46.6	1.68
Indiana	2,489	1,321	53.1	2.15	1,174	47.2	2.15
Iowa	1,163	689	59.2	2.31	592	50.9	2.35
Kansas	1,074	614	57.2	2.35	545	50.7	2.37
Kentucky	1,625	808	49.7	2.53	719	44.3	2.52
Louisiana	1,674	771	46.0	2.80	679	40.5	2.76
Maine	540	338	62.6	2.14	287	53.2	2.21
Maryland	2,030	1,301	64.1	2.30	1,175	57.9	2.37
Massachusetts	2,535	1,496	59.0	2.11	1,387	54.7	2.14
Michigan	3,891	2,262	58.1	1.82	1,987	51.0	1.84
Minnesota	2,024	1,305	64.5	2.15	1,123	55.5	2.23
Mississippi	1,106	469	42.4	2.85	407	36.8	2.78
Missouri	2,232	1,230	55.1	2.36	1,111	49.8	2.37
Montana	371	207	55.8	2.77	176	47.4	2.79
Nebraska	679	376	55.4	2.49	309	45.4	2.50
Nevada	795	463	58.2	2.32	418	52.6	2.35
New Hampshire	496	335	67.5	2.21	305	61.4	2.30
New Jersey	3,299	2,015	61.1	1.83	1,885	57.1	1.85
New Mexico	705	357	50.6	2.87	303	43.0	2.84
New York	7,353	4,038	54.9	1.30	3,684	50.1	1.31
North Carolina	3,244	1,622	50.0	2.06	1,443	44.5	2.04
North Dakota	265	140	52.8	2.48	122	46.3	2.48
Ohio	4,568	2,624	57.4	1.74	2,324	50.9	1.76
Oklahoma	1,385	688	49.7	2.56	604	43.6	2.54
Oregon	1,353	886	65.5	2.39	783	57.9	2.48
Pennsylvania	4,858	2,598	53.5	1.64	2,367	48.7	1.64
Rhode Island	435	253	58.3	2.12	230	52.8	2.15
South Carolina	1,547	807	52.1	2.60	694	44.9	2.58
South Dakota	303	168	55.2	2.31	145	47.7	2.32
Tennessee	2,311	1,189	51.5	2.71	1,039	45.0	2.70
Texas	7,619	4,072	53.4	1.50	3,611	47.4	1.50
Utah	734	496	67.6	2.63	397	54.1	2.80

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Characteristics	Total households	Presence of a computer			Presence of the Internet		
		Number	Percent	1.6*(S.E.) ¹	Number	Percent	1.6*(S.E.) ¹
Vermont	260	157	60.2	2.26	138	53.2	2.30
Virginia	2,702	1,602	59.3	2.44	1,497	55.4	2.46
Washington	2,384	1,579	66.2	2.29	1,431	60.0	2.37
West Virginia	752	359	47.7	2.38	305	40.5	2.34
Wisconsin	2,142	1,201	56.1	2.18	1,070	50.0	2.19
Wyoming	202	118	58.2	2.46	103	51.2	2.49

Note: 1. 1.645 times the standard error added to or subtracted from the estimate provides the 90 percent confidence interval.

Source: U.S. Census Bureau, Current Population Survey, September 2001.

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